CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off. #S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held at 10.00 a.m. on Saturday, the 30th day of December 2006 at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at September 30, 2006 and the Profit and Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Shridhar S Hegde, who retires by rotation, and being eligible, offers himself for re appointment.
3. To appoint a Director in place of Mr. P.E. Krishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs. M.S. Reddy & Associates, Chartered Accountants, Bangalore who retire at the end of the ensuing Annual General Meeting and being eligible, offer themselves for appointment and to authorise the Board of Directors of the Company to fix their remuneration.

SPECIAL BUSINESS

5. To re-appoint Mr. V RANGANATHAN as Managing Director and fix his remuneration.

To consider and if thought fit, to pass with or without modification/s the following resolution as an special resolution:

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 as amended upto date and subject to the provisions of Schedule XIII thereto and subject to the approval of the shareholders at the ensuing annual general meeting of the Company, Mr. V. Ranganathan, be and is hereby re-appointed as Managing Director of the Company for a period of three years w.e.f. 01.01.2006 on a remuneration as approved by the duly appointed remuneration committee on the following terms and conditions :

REMUNERATION:

(i)	Basic	Rs. 9,250/- per month
(ii)	House Rent Allowance	Rs. 4,500/- per month
(iii)	Medical Reimbursement	Rs. 1,250/- per month
(iv)	Conveyance Allowance:	

He will be eligible for reimbursement towards fuel and Car maintenance expenses at actuals on production of bills. He shall not be entitled for any other allowances or benefits, other than mentioned above.

(v) Leave Facilities:

He will be provided with 21 days of Leave and 5 days of Casual Leave during the Tenure. Unutilised shall not be eligible for Carry Forward / Cash Reimbursement.

"RESOLVED FUTHER THAT in the event of loss or inadequacy of profits during any financial year the aforesaid salary and perquisites shall be the minimum remuneration payable to Mr. V. Ranganthan as per the aforementioned terms and conditions of the agreement."

6. To re-appoint Mr. Gururaj K. Upadhya as a Director (Technical) and fix his remuneration.

To consider and if thought fit, to pass with or without modification/s the following resolution as an special resolution:

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 as amended upto date and subject to the provisions of Schedule XIII thereto and subject to the approval of the shareholders at the ensuing annual general meeting of the Company, Mr. Gururaj K. Upadhya, be and is hereby re-appointed as Director (Technical) of the Company for a period of three years w.e.f. 01.01.2006 on a remuneration as approved by the duly appointed remuneration committee on the following terms and conditions :

REMUNERATION.

(i) Basic	-	Rs. 9,250/- per month
(ii) House Rent Allowance	-	Rs. 4,500/- per month
(iii) Medical Reimbursement	-	Rs. 1,250/- per month
(iv) Conveyance Allowance:		

He will be eligible for reimbursement towards fuel and Car maintenance expenses at actuals on production of bills. He shall not be entitled for any other allowances or benefits, other than mentioned above.

(v) Leave Facilities:

He will be provided with 21 days of Leave and 5 days of Casual Leave during the Tenure. Unutilised shall not be eligible for Carry Forward / Cash Reimbursement.

"RESOLVED FUTHER THAT in the event of loss or inadequacy of profits during any financial year the aforesaid salary and perquisites shall be the minimum remuneration payable to Mr. Gururaj K. Upadhya as per the aforementioned terms and conditions of the agreement."

7. To consider and if thought fit, to pass with or without modification/s the following resolution as an special resolution:

"RESOLVED THAT subject to the provosions of the Companies Act, 1956, Securities Contracts (Regulation Act, 1956 and the rules framed thereunder, Listing Agreements, and all other applicable Laws, Rules, Regulations and Guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modification(s) as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution), be and is hereby authorized to accept, the consent of the Company be and is hereby accorded to the Board to de-list the equity shares of the Company from the Stock Exchange at all or any of the Stock Exchanges at Kolkatta, Ahmedabad and / or Bangalore".

By Order of the Board
For Cerebra Integrated Technologies Limited

V. RANGANATHAN
MANAGING DIRECTOR

Place : Bangalore
Date : 30th November 2006

NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote instead of himself/ herself and the proxy appointed need not be a member. The duly filled in proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item no 5,6 and 7 is annexed herewith.
3. Members/proxies should bring in the duly filled in attendance slips sent herewith for attending the meeting.
4. The Register of Members and the share transfer books of the Company will remain closed on 30.12.2006.
5. Members are requested to notify their change in address to the Registrars and Transfer Agents by quoting their relevant registered Folio Number.
6. Members are requested to carry the Annual Report circulated to them. As a measure of economy, no copies of the Annual Report will be made available to the Members at the Meeting.

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

1. **Mr. Shridhar S Hegde:**
   Date of Birth: 27.01.1961
   Qualification: Bachelor of Science
   Expertise: Marketing & Sales
   Number of Board Meeting attended during the year: 4

2. **Mr. P E Krishnan:**
   Date of Birth: 13-01-1965
   Qualification: B.Com
   Expertise: Independent Director
   Number of Board Meeting attended during the year : 1

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM 5 AND 6 :

Mr. V. Ranganathan and Mr. Gururaj K. Upadhya were appointed as Managing Director and Director (Technical) of the Company at the Board of Directors Meeting held on 30.11.2005 for a period of three years with the remuneration which was approved by the Remuneration Committee and the Board of Directors meeting held on 30.11.2005 subject to the approval of shareholders in general meeting and the same has been placed before the members for their approval.

None of the Directors of the Company is interested in the above resolution except Mr. V. Ranganathan and Mr. Gururaj K Upadhya. This may be deemed as compliance under section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

ITEM NO. 7

Your Company's Shares are enlisted on the following Stock Exchanges:

1. Bangalore Stock Exchange Limited
2. The Stock Exchange of Mumbai (BSE)
3. Calcutta Stock Exchange Association Limited
4. Ahmedabad Stock Exchange Limited

The Listing Regulatory Authorities have introduced new Guidelines namely the SEBI (Delisting of Securities) Guidelines, 2003 which came in to force some to ago and have simplified the procedural requirements for Delisting.

Approval of the Members is being sought by way of a Special resolution to enable the Board to delist the Company's Equity Shares, from the all the Exchanges except The Stock Exchange of Mumbai.

Your Company pays Listing Fees annually to the various Stock Exchanges. Delisting if approved at all levels, would save your Company such amount and other operational costs for compliance with the listing Regularities of the Stock Exchanges. Needless to add, these compliances are in any case required to be done with respect to the Stock Exchange at Mumbai.

Your Company's Shares will continue to be listed on the Stock Exchange of Mumbai which is a premier Exchange. We shall make an application to list on the National Stock Exchange (NSE), at an appropriate time, subject to satisfying the listing Rules & Regulations of NSE.

The delisting will take effect after all approvals, permissions and sanctions are received.

The proposed delisting of the Company's Shares from the aforementioned Stock Exchanges shall not cause any hardships to the investors, since, trading on your Company's Shares on the BSE can be done from anywhere in India.

None of the Directors are interested or concerned in the resolution except as Shareholders.

Your Directors recommend the resolution for your approval.

By Order of the Board
For Cerebra Integrated Technologies Limited

Place : Bangalore
Date : 30th November 2006

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

V. RANGANATHAN
MANAGING DIRECTOR

Director

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off.: #S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

DIRECTORS' REPORT

Your Directors present their Twelfth Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended September 30, 2006.

FINANCIAL RESULTS:

(Rs.in lakhs)

Particulars	2005-06	2004-05
Total Income	16.57	222.93
Total Expenditure	47.49	761.98
Operating Loss	30.92	539.06
Interest	96.57	123.86
Depreciation	19.80	38.41
Loss Before Tax	147.28	701.32
Provision for Tax – Current	0.00	0.00
- Fringe Benefit Tax	0.21	0.00
Loss after Current Tax but before Deferred Tax	147.49	701.32
Deferred Tax	0.00	-6.81
Loss Transferred to Balance Sheet	147.49	694.50

REVIEW OF OPERATIONS:

The Company during the year executed a major order from one of the Engineering Colleges and is concentrating on trading of Computer Systems. The Company is concentrating on EMS / job work for its SMT Division and also small BPO orders for its software division. The losses are due to amount of write off and impairment of fixed assets. The Company continues to remain under BIFR and has since made no progress. We have been talking to a few investors, who are looking at complete take over of the Company. We have also negotiated a One Time Settlement with the Banks.

DIVIDEND:

Your Directors regret to inform you that no dividend is declared for the year-ended 30.9.2006 in view of the losses incurred.

DIRECTORS:

Mr. Sridhar Hegde and Mr. P E Krishnan, Directors, retire by rotation. In accordance with the Companies Act, 1956 and Articles of Association of the Company they being eligible, offer themselves for re-appointment.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any Fixed Deposits during the year ended September 30, 2006.

AUDITORS:

Messrs. M S Reddy & Associates, Chartered Accountants, Bangalore, Auditors of the Company retire at the end of forthcoming Annual General Meeting and are eligible for appointment.

Auditors observations: Regarding comments of the Auditor in their report dated 30.11.2006 the Directors draw attention to the Notes to Accounts number 8 and Management is in the process of obtaining confirmation.

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975.

COMPLIANCE OF STOCK EXCHANGE FORMALITIES:

Your Company has complied with the Listing formalities of all Stock Exchanges where the Company's shares are listed. Your Directors have taken necessary action in connection with the Guidelines/Regulations issued by Securities and Exchange Board of India (SEBI) on Insider Trading.

ACCOUNTING STANDARDS:

The Company has followed the mandatory Accounting Standards for preparation of Financial Statements for the year ended September 30, 2006

CORPORATE GOVERNANCE:

A detailed report on Corporate Governance has been included separately in the Annual Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is Nil.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings: NIL

Foreign Exchange Outgo: NIL

DIRECTORS' RESPONSIBILITY STATEMENT:

As per Section 217(2AA) of the Companies (Amendment) Act, 2000 your Directors hereby confirm that -

- In the preparation of these annual accounts, the applicable accounting policies and standards are followed, as issued by the Institute of Chartered Accountants of India (ICAI) and the requirements of the Companies Act, 1956, to the extent applicable. No material departures are noticed from the prescribed accounting standards;
- The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company as at the end of the year ended September 30, 2006 and of the 'Profit/(Loss)' of the Company for that year;
- The accounts for the year-ended 30.9.2006 have been prepared on a system of historical cost, on a going concern and on accrual basis;
- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud, errors and other irregularities;
- Financial Statements have been audited by Messrs. M S Reddy & Associates, Chartered Accountants, Bangalore being the Statutory Auditors of the Company.

ACKNOWLEDGEMENTS:

Your Directors thank the Shareholders/Investors for their response and confidence, Customers, Vendors, Bankers, Channel Partners, Software Technology Park of India, Bangalore, the Customs and Central Excise Departments, Sales Tax and Income Tax Departments and other Government Departments and other for their invaluable co-operation and support for your Company's survival.

Despite the uncertainty and tough market conditions faced with high competition your Directors believe that by optimizing the resources and by being increasingly market conscious, better results are achievable in the days to come.

By Order of the Board
For Cerebra Integrated Technologies Limited

Place: Bangalore
Date: November 30, 2006

V Ranganathan
Managing Director

Shridhar S. Hegde
Director

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

REPORT ON CORPORATE GOVERNANCE (In terms of recommendations by SEBI)

INTRODUCTION

As reported in the last Annual Report, your Company has implemented and complied with the Corporate Governance Code recommended by the Securities and Exchange Board of India (SEBI). Your Company shall always be managed with the principles of Good Corporate Governance with a view to enhance overall shareholder value and to run the business effectively to achieve its corporate objectives

I. BOARD OF DIRECTORS

A. The Board of Directors of the Company has 2 Executive and 5 non executive Directors out of which 3 are Non-Executive Independent Directors.

After due circulation of agenda and notes thereon, the Board of Directors have met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dwelt attength by the Board at its various proceedings.

The details of the Directors' attendance at the meetings of the Board of your Company during the year ended 30.9.2006 are given below:

Sl. No.	Name	Designation	No. of Board Meeting held	No. of Board Meetings attended
		Executive Directors		
1.	V Ranganathan	Managing Director	5	5
2.	Gururaj K Upadhya	Director - Technical	5	5
		Non-Executive		
3.	Shridhar S Hegde	Director	5	5
4.	P Vishwamurthy	Director	5	5
		Non-Executive and Independent Directors		
5.	Suresh Kumar T S	Director	5	4
6.	P E Krishnan	Director	5	1
7.	S Gopalakrishnan	Director	5	4

The Board Meeting dates being 30.11.2005, 31.01.2006, 29.04.2006, 30.06.2006 and 31.07.2006

All other Directors attended the Eleventh Annual General Meeting. No Extraordinary General Meeting was held during the year under report.

II. AUDIT COMMITTEE

The functions of Audit Committee are as follows:

- To oversee the company's financial reporting process and disclosure of its financial information;
- To recommend the appointment of statutory auditors and fixation of the audit fee;
- To review and discuss with the auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the Internal audit function, major accounting policies, practices and entries;
- Compliance with accounting standards;
- Compliance with the Stock Exchange and legal requirements concerning financial statement and related party transactions, if any;
- To review the company's financial and risk management policies;
- Discuss with the Internal auditors any significant findings for follow-up thereon;
- To review the quarterly, half yearly and annual financial statement before submission to the Board of Directors.

The committee also meets the management team and reviews the operations, new initiatives and performance of the business units. The minutes of the audit committee are circulated to the Board, discussed and taken note of.

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

The Audit Committee is comprised of the following Directors:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. T.S Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The details of attendance of the meetings of the Audit Committee for the year ended 30.9.2006 are as follows :

Sl No.	Name	No. of meeting held during the year	No. of meetings attended during the year
1.	S Gopalakrishnan	4	4
2.	T S Suresh Kumar	4	4
3.	P E Krishnan	4	4

The Audit Committee reviewed the financial results, accounting and financial controls as well as policies and practices as also internal control and internal audit systems.

III. REMUNERATION COMMITTEE

The functions of Remuneration Committee are as follows:

- To review, assess and recommend the appointment of executive and non-executive Director from time to time;
- Periodically review the remuneration package of the executive Directors and recommend suitable revision to the Board;
- To recommend compensation to the non-executive Directors in accordance with the provisions of the Companies Act, 1956;
- To consider and recommend Employee Stock Option Schemes from time to time and to administer and supervise the same.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The Remuneration Committee consists of the following Directors:

1. Mr. S.Gopalakrishnan - Chairman
2. Mr. T.S Suresh Kumar – Member
3. Mr. P.E.Krishnan – Member

There was no occasion for the Committee to meet during the year since there was no review of the remuneration payable to the Directors.

Details of Remuneration of all Directors:

(Amount in Rs.)

Sl. No.	Name	Designation	Salary	Sitting fee*
	Executive Directors			
1.	V Ranganathan	Managing Director	NIL	NIL
2.	Gururaj K Upadhya	Director – Technical	NIL	NIL
	Non-Executive			
3.	Shridhar S Hegde	Director	NIL	NIL
4	P Vishwamurthy	Director	NIL	NIL
Non-Executive and Independent Directors				
5	Suresh Kumar T S	Director	NIL	NIL
6.	P E Krishnan	Director	NIL	NIL
7.	S Gopalakrishnan	Director	NIL	NIL

Note: In view of the poor performance, no sitting fee was paid to the Directors.

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

IV. INVESTORS' GRIEVANCES COMMITTEE:

The functions of Investors Grievances Committee are as follows:

- To look into the shareholders complaints, if any and to redress the same expeditiously.
- To approve the request for issue of duplicate share certificates and issue of certificates after split/consolidation.

The Investors Grievance Committee consists of the following:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. TS Suresh Kumar – Member
3. Mr. P.E. Krishnan - Member

The Sub-Committee duly appointed by the aforesaid Committee met continuously to address the various issues relating to the investors, including non-receipt of Annual Reports, Dividend related issues, Change of addresses, transfers of shares, dematerialization and other related aspects. The Company has also continuously requisitioned the services of an independent Practicing Company Secretary to review the procedures followed by the RTA. No major grievance of any Investor was pending as on 30th September2006.

None of the Directors of the Company were members in more than 10 committees nor acted as Chairman of more than five committees across all companies in which they were Directors. During 2005-2006, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company.

V. MANAGEMENT

Clause 49 of the Listing Agreement with the Stock Exchanges states the following as regards the Management.

The Company agrees that as part of the Directors' Report or as an addition there to, a Management Discussion and Analysis report should form part of the annual report to the Shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the Company's competitive position:

i. Industry structure and developments
ii. Opportunities and Threats
iii. Segment wise or Product-wise performance
iv. Outlook
v. Risks and concerns
vi. Internal control systems and their adequacy
vii. Discussion on financial performance with respect to operational performance
viii. Material developments on the Human Resources/ Industrial Relations front, including number of people employed

A 'Management Discussion and Analysis of Results of Operations and Financial Condition' report is included hereunder.

The report contains all the information specified above.

The Company has a policy under which all the Directors of the Company are required to disclose all material financial and commercial transactions where they have a personal interest to the Board. All the related party transactions are disclosed as Note 13 under Notes to Accounts.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2006:

The Management of Cerebra Integrated Technologies Limited presents the Analysis of Division wise performance of the Company for the year ended 30th September 06 and its outlook for the future. The outlook is based on assessment of the current business environment and may vary due to future economic and other developments both in India and abroad.

Cerebra- System Integration Division (S.I.D)

The System Integration Division is located at S5, Off 3rd cross, Peenya Industrial Area, Peenya 1 Stage Bangalore-560058 and manufactures PCs, Servers, Laptops, etc., and trades in all kinds of I.T products and peripharals. This division recorded a Gross Sales of Rs. 15.94 lacs in the year 2005-06 when compared to the gross sales of Rs.219.85 lacs during the Financial year 2004-05. This division is only trading in Computer Systems and is focusing on Channel sales. The division also executed a major order from one of the Engineering Colleges in Pune. The management plans to put more thrust on this division and are hoping to do better during this financial year

for CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

Cerebra- Surface Mount Technology Division (S.M.T Division)

The Surface Mount Technology Division is located at S5, Off 3rd Cross, Peenya I Stage, Peenya Industrial Area, Bangalore-560058. This division continued to record NIL Sales in the year 2005-06. The division is concentrating on getting EMS/ Job work and should be back in business in the current financial year.

Cerebra-Software Division

The Software Division is located at S5, Off 3rd Cross, Peenya Industrial Area, Peenya I Stage, Bangalore - 560 058. This division continued to record NIL sales for the financial year 2005-06. This division is concentrating on some small BPO orders and should be emerging in this market in the current financial year.

COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE:

Mr. Shridhar S Hegde continues to be the Compliance Officer of the Company. Address of the Registered office of the Company shall be the address for correspondence.

1. Details of Annual General Meeting (AGM):

Year	Location	Date	Time
2002-2003	Registered Office of the Company	22.09.2003	10 AM
2003-2004	Registered Office of the Company	21.12.2004	10 AM
2004-2005	Registered Office of the Company	31.12.2005	10 AM

Means of Communication:

Quarterly results are forwarded to the Stock Exchanges and are made available to the investors.

GENERAL SHAREHOLDERS INFORMATION:

The following information would be useful to the shareholders:

1. Annual General Meeting Date and Time: 30th December 2006 at 10 AM
2. Financial Calendar: 1.10.2005 to 30.9.2006
3. Book Closure Date: 30.12.2006
4. Listing on Stock Exchange at :
   a. Bangalore Stock Exchange Limited
   b. The Stock Exchange of Mumbai (BSE)
   c. The Stock Exchange of Ahmedabad
   d. Calcutta Stock Exchange Association Ltd.
5. Depositories
   a. National Securities Depository Limited
   b. Central Depository Services Limited

Stock Code:

BgSE – CEREBRA INT

BSE - 532413

ASE – 11236

CSE – 13336

Demat arrangement with NSDL and CDSL: INE345B01019.

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

6. Registrars & Share Transfer Agents:

Karvy Computershare Private Limited,
T K N Complex, #51/2, Vanivilas Road,
Opp. National College, Basavanagudi,
Bangalore - 560 004.
Tel :91 - 80 - 26621192 Fax.91 - 80 - 26621169
email : bangalore@karvy.com

7. Stock Market Data:

Month	BSE	
	High	Low
October 2005	6.88	5.59
November 2005	7.75	5.45
December 2005	6.15	4.91
January 2006	5.40	4.40
February 2006	4.51	3.00
March 2006	3.64	2.22
April 2006	4.12	2.48
May 2006	4.34	3.27
June 2006	3.16	2.43
July 2006	3.28	2.86
August 2006	3.20	2.42
September 2006	4.03	2.49

8. Share Transfer System:

The Company in consultation with the RTA ensures that the transfers of shares in physical form and dematerialization take place well within the time limits.

9. Distribution of Shareholding as at September 30,2006:

Category holders	No. Of shareholders		Face value of shares held	
	Number	Percentage	Amount	Percentage
Upto 5000	6114	89.20	9143010.00	15.51
5001-10000	390	5.69	3227130.00	5.47
10001-20000	159	2.32	26495330.00	4.23
20001-30000	62	0.90	1544340.00	2.62
30001-40000	20	0.29	721860.00	1.22
40001-50000	22	0.32	1048950.00	1.78
50001-100000	35	0.51	2510950.00	4.26
>100000	52	0.76	38270960.00	64.91
Total		100.00	58952530.00	100.00

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

10. Categories of Shareholding as at September 30,2006:

Category	No. of shares held	% of holding
Promoters Holding:		
i. Indian Promoters	1834965	31.12
ii. Foreign Promoters	0	0
Sub Total	**1834965**	**31.12**
Non-Promoters Holding:		
i. Mutual Fund and UTI	0	0
ii. Banks, Financial Institutions and Insurance companies	0	0
iii. Bodies Corporate	1222321	20.73
iv. Indian Public	2782456	47.19
v. NRIs/OCBs	3600	0.06
vi. Others -	0	0
HUF	38262	0.65
Clearing Members	14649	0.25
Sub Total	**4061288**	**68.87**
Grand Total	**5896253**	**100**

11. Dematerialization of shares and liquidity as at 30-9-2006:

Particulars	No. of Shares	Percentage to total
No. of shares in Physical Form	715175	12.13
No. of shares in Electronic Form	5181078	87.87
Total		**100**

12. Number of days taken for dematerialization: 15

13. Dematerialization request from 01-10-2005 to 30-09-2006:

No. of Requests : 141

No. of shares :20750 (1.24 % of the Total Equity)

14. Postal Ballot:

No resolutions were passed during the year attracting Postal Ballot and no resolution attracting Postal Ballot is recommended at this meeting.

15. Report on Corporate Governance:

This report together with the information given in Directors Report constitutes a detailed compliance report on Corporate Governance during the current year.

By Order of the Board
For Cerebra Integrated Technologies Limited

Place : Bangalore
Date : November 30,2006

V Ranganathan
Managing Director

Shridhar S. Hegde
Director

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by Cerebra Integrated Technologies Ltd., for year ended 30.9.2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement subject to non compliance with means of communication.

We state that as per the records maintained by the Registrars and Transfer Agents of the Company and presented to the Shareholders/Investor Grievance Committee, no investor grievances received during the year ended 30.9.2006, were remaining unattended/pending against the Company for a year exceeding thirty days.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR **M. S. REDDY & ASSOCIATES**
Chartered Accountants

PLACE: BANGALORE
DATE: November 30, 2006

M.SRIDHAR REDDY
Partner
Membership Number 201103

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

CERTIFICATION BY CEO (MANAGING DIRECTOR)

I, V.Ranganathan, Managing Director of Cerebra Integrated Technologies Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief.
   a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. These statements give a true and fair view of the state of affairs of the Company and the results or operations and cash flows. These statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered in to by
   a. The Company during the year, which are fraudulent, illegal and violative of the Company's code of conduct.
3. We accept overall responsibility for the Company's internal control system for financial reporting. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the auditors and audit committee:
   a. Any significant changes in internal control over financial reporting during the year;
   b. Significant changes in accounting policies during the year;
   c. Instances of significant fraud of which have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such instances.

PLACE: BANGALORE

DATE: November 30, 2006

V. RANGANATHAN
Managing Director

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

AUDITORS' REPORT

To,

The Members of, Cerebra Integrated Technologies Limited, Bangalore.

1. We have audited the attached balance sheet of CEREBRA INTEGRATED TECHNOLOGIES LIMITED as at 30th September 2006 and Profit and Loss Account for the year ended on the date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
3. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (ii) In our opinion, proper books of account as required by law have been kept by the company so for as appears from our examination of those books.
   (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956;
   (v) On the basis of written representations received from the directors, as on 30th September 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September 2006 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of companies Act, 1956;
   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
   (a) in the case of the balance sheet, of the state of affairs of the company as at 30th September 2006;
   (b) In the case of the profit and loss account, of the profit and loss for the year ended on that date; and
   (c) in the case of the cash flow statement, of the cash flows for the year ended on that date subject to:
      a) *Some of the bank balances are pending confirmation and reconciliation.*
      b) *Sundry Debtors, Creditors, deposits and advances are subject to confirmation and reconciliation.*

for ***M.S.REDDY & ASSOCIATES***
Chartered Accountants

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

M. SRIDHAR REDDY
Partner
Membership Number 201103

Place: Bangalore
Date : November 30,2006

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date, to the members of Cerebra Integrated Technologies Limited, Bangalore on the accounts for the year ended 30 September 2006.

(i) (a) The company has not maintained proper records showing particulars including quantitative details and situation of fixed assets.
According to the information and explanations given to us, the programme of verification of fixed assets, which in our opinion, is to be increased having regard to the size of the company and the nature of its assets.

(b) During the period under audit, the company has not disposed off substantial portion of the fixed assets.

(ii) (a) In our opinion, and according to information and explanations given to us, the frequency of physical verification of inventory by the management is to be increased.

(b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are not adequate in relation to the size of the company and the nature of its business as regards to maintenance of records of physical verification and identification of damaged and obsolete items of inventories properly.

(c) In our opinion and according to information and explanations given to us, the inventory records are not properly updated and as reported by the management no material discrepancies were noticed during physical verification.

(iii) (a) According to information and explanations given to us, the company has not taken loans from the parties listed in the register maintained u/s 301 of the Companies Act, 1956.

(b) According to information and explanations given to us, the company has granted unsecured loan to one company listed in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 80.61 Lacs and the year end balance of loan granted to such party was Rs.80.61 Lacs.

(c) According to information and explanation given to us, no interest was charged and borrower company is reported as a sick company.

(d) The payment of principal and interest are not regular.

(e) The company has provided for bad debts for the amount outstanding in the account.

(iv) In our opinion and according to the information and explanations given to us, the internal control procedures are to be strengthened commensurate with the size of the company and the nature of its business for the purpose of inventory and fixed assets and for sale of goods. According to information and explanations given to us, there is no continuing failure to correct major weaknesses in the system.

(v) (a) According to the information and explanations given to us, during the year under audit, the transactions that need to be entered in to a registers pursuance of the 301 of the companies act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, no transactions were made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act 1956 and exceeding the value of rupees five Lakhs in respect of any party during the year

(vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public.

(vii) In our opinion and according to the information and explanations given to us, the internal audit system is to strengthened commensurate with the size of the company and the nature of its business.

(viii) According to the information and explanations given to us, the central government has not prescribed maintenance of cost records under section 209(1)(d) of the companies act,1956 for the company.

(ix) (a) The company is not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, excise duty applicable to it. The arrears of outstanding statutory dues as at 30.9.06 for a period more than six months from the date they became payable are given below:

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

Employer's contribution to Provident Fund	417452/-
Employees State Insurance dues	63823/-
Income Tax Payable	270754/-
Sales Tax Payable	184890/-
Excise Duty	2809259/-

(x) According to the information and explanation given to us, the sales tax dues amounting to Rs.924282/- have not been deposited on account of appeal pending at Karnataka State Tribunal and Income Tax demand of Rs.1241080/- on account of rectification with the assessing officer.

(xi) The accumulated losses of the company are more than fifty percent of its net worth and the company has incurred cash losses during the period covered by our audit and the immediately preceding financial year. During the year the company was referred to BIFR.

(xii) In our opinion and according to the information and explanations given to us, the company has defaulted in repayment of dues to banks. The details are given below:

Name of the bank	Period From	Amount of default Rs. Lacs
State Bank of India	1.4.2003	359.22
Canara Bank	1.4.2003	447.70
The Interest outstanding as on 30.09.2006		369.70

(xiii) According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiv) In our opinion, the company is not a chit fund or a *nidhi*/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) In our opinion and according to the information and explanations given to us, there were no transactions and contracts in respect of dealing or trading in shares, securities and other investments. Investments have beenheld by company in its own name.

(xvi) According to the information and explanation given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.

(xvii) According to the information and explanation given to us, the company has not drawn term loans during the period under the audit.

(xviii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, during the year under audit, we report that the no funds raised on short term basis have been used for long term investment. No long term funds have been used to finance short term assets.

(xix) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301of the Act.

(xx) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.

(xxi) During the period under audit, the company has not raised money by public issue.

(xxii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For M.S.Reddy & Associates
Chartered Accountants

for CEREBRA INTEGRATED TECHNOLOGIES LTD.

M.SRIDHAR REDDY
Partner.
Membership Number 201103

Date : November 30, 2006
Place: Bangalore

Director

BALANCE SHEET AS AT 30.09.2006

PARTICULARS	SCHEDULE NO.	30.09.2006 (12 Months) Rs.	30.09.2005 (12 Months) Rs.
SOURCES OF FUNDS			
Share Holder's Funds			
Share Capital	1	59064030	59064030
Reserves & Surplus	2	178220912	178220912
Loans Funds			
Secured Loans	3	80691166	79995652
GRAND TOTAL		317976108	317280594
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	39710366	39710366
Less Depreciation		21829446	19849796
Net Block		17880921	19860571
Investments at Cost	5	2,000	2,000
Current Assets Loans & Advances			
Inventories	6	289056	289056
Sundry Debtors	7	40924080	43124553
Cash and Bank Balance	8	1148529	2978892
Loans and Advances	9	10892536	11558757
		53255202	57951258
Less:Current Liabilities & Provisions			
Current Liabilities	10	146571045	139214196
Provisions	11	20883	0
		146591928	139214196
Net Current Assets		-93336727	-91367773
Profit & Loss Account	12	393429914	378680961
GRAND TOTAL		**317,976,108**	**307,175,759**

Significant Accounting Policies & Notes to Accounts 20
The Schedules referred to above form an integral part of the Balance Sheet

As per our Audit Report of Even Date
for M.S.REDDY & ASSOCIATES
Chartered Accountants

By Order of the Board
For Cerebra Integrated Technologies Limited

M.Sridhar Reddy
Partner

V. Ranganathan
Managing Director

Shridhar S Hegde
Director

PLACE : BANGALORE
Date : November 30,2006

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

SCHEDULE TO BALANCE SHEET AS AT 30TH SEPTEMBER 2006

SCHEDULE-04
FIXED ASSETS

Sl. No	Type of Assets	Gross Block				Depriciation Reserve				Net Block	
		Rate of Dep.	As At 1-10-2005	Additions	Deletions	30-9-2006	As At 1-10-2005	Period ended 30-9-2006	Deductions/Adjustments	As On 30-9-2006	As At 30-9-2005
1	Energy Saving Equipments	4.75%	1261958	0	0	1261958	840708	59943	0	900651	421250
2	Plant & Machinery	4.75%	21176676	0	0	21176676	7651259	1005892	0	8657151	13525417
3	Computer/ Printers/ Software	16.21%	8184412	0	0	8184412	7756913	427500	0	8184413	427500
4	Vehicles Motor Cars/Vans	9.50%	1686108	0	0	1686108	785933	161130	0	946933	740175
	Motor Cycles/ Scooters	9.50%	61509	0	0	61509	51851	5843	0	57695	3814
5	Office Equipments	4.75%	560986	0	0	560986	335887	26647	0	362334	198662
6	Furniture & Fixtures	6.33%	2452487	0	0	2452487	1571588	155242	0	1726831	725656
7	Land	0.00%	200900	0	0	200900	0	0	0	0	200900
8	Factory Building	3.34%	3840776	0	0	3840776	746494	128282	0	874776	3094341
9	Electrical Installations	3.34%	274553	0	0	274553	139554	9171	0	148723	125829
	Total		39710365	0	0	39710365	19849798	1979650	0	21829446	19660570

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

	30.09.2006 Rs.	30.09.2005 Rs.
Schedule 5		
INVESTMENTS		
Investment in 200 Equity shares of Sankya Infotech Ltd of Rs. 10/ each fully paid	2,000	2,000
Total Market Value of Investments Rs.Nil (Previous Year Rs.2,000)		
Total	2,000	2,000
Schedule 6		
INVENTORIES		
Raw Material & Components	289,056	289,056
Total	289,056	289,056
Schedule 7		
SUNDRY DEBTORS		
Unsecured and Considered good		
Sundry Debtors		
Over six months	40,305,861	40,486,117
Others	618,219	2,638,436
Total	40,924,080	43,124,553
Schedule 8		
CASH AND BANK BALANCES		
Cash and Cheques on Hand	9,972	1,080
Balances with Scheduled Banks		
In Current Accounts	65,174	99,649
In Deposit Accounts	1,074,383	2,878,164
Total	1,149,529	2,978,892
Schedule 9		
LOANS AND ADVANCES		
Unsecured and Considered good		
Advances recoverable in Cash or Kind for the value to be received	10,687,626	10,466,267
Balances with Excise Dept.	24,115	24,115
Deposits	180,795	1,068,375
Total	10,892,536	11,558,757
Schedule 10		
CURRENT LIABILITIES		
Sundry Creditors	52,424,267	54,316,583
Other Liabilities	94,146,779	84,897,613
Total	146,571,045	139,214,196
Schedule 11		
PROVISIONS		
Provision for Fringe Benefit Tax	20,883	0
Total	20,883	0

for CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

	30.09.2006 Rs.	30.09.2005 Rs.
SCHEDULE-12		
PROFIT & LOSS ACCOUNT		
Profit & Loss Account-Opening Balance(dr.)	378,680,961	309,230,587
Add: Balance of Net Loss for the Year	14,748,953	69,450,374
Total	393,429,914	378,680,961
SCHEDULE 13		
SALES AND SERVICES		
Hardware-Manufactured Items	0	19,671,121
Hardware-Traded items	1,341,971	1,992,365
Services & others	252,084	321,351
Total	1,594,055	21,984,837
SCHEDULE 14		
INCREASE/(DECREASE IN STOCK)		
Opening stock	289,056	5,024,206
Closing stock	289,056	289,056
Increase/(Decrease) in stock	0	-4,735,150
Schedule 15		
OTHER INCOME		
Interest Income	0	228,847
Dividend Income	0	13,538
Miscellaneous Income	63,388	65,444
Total	63,388	307,829
Schedule 16		
MATERIALS		
Purchases		
Raw Material & Components	0	19,998,845
Trade Goods	1,106,352	554,465
Consumables	0	2,050
Packing Material	0	1,013
Total	1,106,352	20,556,373

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

Schedule 17	30.09.2006 Rs.	30.09.2005 Rs.
MANUFACTURING & ADMIN EXPENSES		
Power and Fuel	31,822	51,743
Other Direct Expenses	4,940	1,186,755
Salaries, Wages and Bonus	87,719	44,921
Insurance	17,571	15,870
Others	1,500	17,869
Rates & Taxes	1,200	34,105
Travelling Expenses	35,063	87,310
Printing & Stationary	6,325	1,040
Telephone Charges	23,484	89,302
Audit Fees	54,000	54,000
Bad Debts Written off	105,250	18,933,954
Provision for Customs Duty-EPCG	2,510,000	0
Others	331,170	113,318
Professional charges	198,550	70,616
Provision for Bad debts	200,000	11,800,795
Loss on Impairment of Assets	0	17,503,062
Total	3,608,594	50,004,660
Schedule 18		
MARKETING EXPENSES		
Selling and Distribution Expenses	0	220,800
Advertisement	34,067	50,724
Total	34,067	271,524
Schedule 19		
INTEREST AND FINANCE CHARGES		
Interest & Financial Charges	9,656,849	12,385,862
Total	9,656,849	12,385,862

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

Schedule 20 Significant Accounting Policies and Notes to Accounts

ACCOUNTING POLICIES

1. SYSTEM OF ACCOUNTING:

Accounts are prepared on accrual basis under historical cost convention as a going concern and comply with the mandatory Accounting Standards

2. DEPRECIATION:

a) Depreciation has been provided on assets on straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956 except that.

b) In the case of assets costing less than Rs.5000/- normal rates of depreciation prescribed under Schedule XIV are adopted eventhough the Companies' Act allows for 100% depreciation on such small value items.

3. INVESTMENTS:

Investments are stated at acquisition cost and provision is made to recognize any decline other than temporary, in the value of investments.

4. FIXED ASSETS:

Fixed Assets are stated at cost including expenses related to their acquisition and installation allocable to respective assets. In the case of assets acquired under Hire purchase, the cost of the asset is capitalised while annual financial charges at equated installments are charged off to Revenue.

5. RETIREMENT BENEFITS TO EMPLOYEES:

Gratuity and Leave encashment are accounted for as and when settled.

6. REVENUE RECOGNITION:

a. Sales include applicable excise duty but excludes Sales tax. Income from sales is recognised upon completion of sale. Warranty charges forming part of the sales are not recognised separately and expenditure incurred in this regard is accounted when incurred. Sales includes inter divisional transfer.

b. Income from software development services is recognised upon completion of milestones wherever payments are linked to such milestones. In cases where payment are based on completion of each man-hours, man-days, man-month of service rendered, revenue is recognised upon respective completion of the same.

7. INVENTORY:

Raw Materials and components are valued at cost. Work in progress are valued at cost including overheads. Appropriate provisions are made for anticipated losses if any. Finished goods and traded items are valued at cost or Net Realisable Value whichever is lower

8. FOREIGN CURRENCY TRANSACTIONS:

Foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction. Adjustments are made for any variations in the sale proceeds or import payments on conversion into Indian Currency upon actual receipt/payment. Exchange differences arising on foreign currency transactions are recognised as income or expense/ capitalised depending on the nature of transactions, in the year in which they arise.

9. ACCOUNTING FOR CLAIMS & CONTINGENCIES:

Claims raised on the company by Excise, Sales tax, Customs, Income tax and Local Authorities are accounted only when they actually become payable after recourse to all legal remedies available to the company.

NOTES TO ACCOUNTS

1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs-Nil (Previous Year Rs. - Nil)

2. Contingent Liabilities in respect of

a) Counter Guarantees given to the bankers for guarantees issued Rs 71.03 lacs (Previous Year Rs. 96.13 lacs)

b) Disputed demand for Sales tax matters Rs 9.83 lacs (Previous year Rs. 9.83 lacs)

c) Disputed demand for Income Tax Matter Rs. 12.41 lacs (Previous year - Rs. 12.41 lacs)

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

3. Auditor's Remuneration

for Statutory Audit	Rs. 54000/-	(Previous Year Rs.54000/-)
for Tax Audit	Nil	(Previous Year Rs.NIL)
for Certification	Nil	(Previous Year Rs.NIL)
for Reimbursement of expenses	Nil	(Previous year Rs. NIL)

4. Loans & Advances include Rs 80.61/-(Previous Year Rs. 78.61 lacs) due from Kranion Technologies Pvt Ltd, a company under the same management. Maximum amount outstanding at any time during the year Rs.80.61 lacs (Previous Year Rs. 80.17 lacs).

5. The company has no outstanding dues to Small-Scale Industrial undertakings as at the year end Rs.Nil / (Previous Year Rs. Nil)

6. Selling and Distribution expenses include Rs.Nil (previous year Rs. 2.11 lacs) towards commission to Selling Agents. The company did not have Sole Selling Agents.

7. Directors Remuneration : (Rs..In lakhs)

	1.10.2005 to 30.09.2006	1.10.2004-30.09.2005
Salary	Nil	Nil
Contribution to Provident Fund	Nil	Nil
Total	Nil	Nil

8. Balances of Sundry Debtors, Deposits Made, Advance given to parties, Sundry Creditors and advances received from parties and some of the bank balances are subject to confirmation.

9. Sales include inter divisional transfers of Rs. Nil (previous year Nil). Purchases include interdivisional transfers of Rs. Nil (previous year Rs. Nil lacs).

10. Previous Years figures have been regrouped and reclassified wherever necessary to conform to current year's presentation.

11. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

i). **Particulars in respect of Licensed, Installed capacity etc.,**

The Company is Primarily engaged in Manufacturing, Trading of Computer Systems, Software/Hardware. These activites do not require Industrial Licensing and accordingly Information for licensed,installed and utilised capacity have not been given.

	2005-06		2004-05	
	Qty in Nos	Value in(Rs Lacs)	Qty in Nos	Value in (Rs.Lacs)
ii) Production (in Nos)				
Computer Systems	0	0	803	196.71
Mother Boards	0	0	0	0
III) Sales:				
a) Manufactured Items				
Computer Systems	0	0	837	203.32
Mother Boards/Mem.Modules	0	0	0	0
b) Traded Items-Hardware	NA	13.42	NA	16.52
-Software				
Iv) Opening & Closing Stocks				
Opening Stock				
a) Manufactured Items	NA		NA	47.02
b) Traded Items-(hardware& software)		2.03		3.00
Closing Stock				
a) Manufactured Items				0.86
b) Traded Items		2.03		2.03
v) Purchase of Trade Goods		11.06		28.98
vi) Raw Materials Consumed (including components)				

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

Mother Bourds	0	0	938	35.11
Cabinets	0	0	885	8.85
Monitors	0	0	898	38.16
Processors	0	0	896	58.24
Hard Disk Drive	0	0	918	24.47
Floppy Disk Drive	0	0	925	2.78
Others	0	0		85.30
	0	0.00		252.91

vii. **Value of Imports on CIF Basis**
Raw Materials including custom duties and other charges - Nil (Previous year- Nil)

	2005-06		2004-05	
	Rs. In lacs		Rs. In lacs	
viii **Raw Materials & Components:**	Value	%	Value	%
Imported	0	-	0	-
Indigenous	0	-	205.56	100
	0	-	205.56	100

ix **The amount remitted in Non Resident Stake holders on account of Dividend to there N.R.E Account**
Number of Non Resident Shereholders:-Nil (Previous year-Nil)
Number of Shares held by them: Not Applicable (Previous Year NA)
Year to which payment of Dividend relates: NA

x. **Earnings in Foreign Exchange**
Export Sales- Software Nil (Previous Year Nil)
Export Sales- Hardware Nil (Previous Year Nil)

xi. **Expenditure in Foreign Currency:**
Raw Materials Rs. Nil (Previous Year Nil)
Foreign Travel Rs. Nil (Previous Year Nil)
Others Rs. Nil (Previous Year Nil)

12. **SEGMENT WISE BUSINESS PERFORMANCE** **(Rs in Lacs)**

Particulars	Year Ended 30th September 2006	Previous Year Ended 30th September 2005
(a) Primary segment reporting by business segment:		
I. SEGMENT REVENUE		
a. Hardware	15.94	219.85
b. Software services	0	0
c. Securities	0	0
Total	15.94	219.85
Less :Inter segment revenue	0	0
Net Income from Operations & Sales	15.94	219.85
II. SEGMENT RESULTS		
Profit/(Loss) before tax and interest:		
a. Hardware	-47.21	-505.27
b. Software services	-2.96	-65.43
c. Securities	0	0.08
Total	-50.17	-570.62
Less: Interest and other finance charges	96.57	123.88
unallocable exp.net off unallocable income	0.54	6.84
Profit before tax	-147.28	-701.32
III.SEGMENT ASSETS		
a. Hardware	286.29	341.21
b. Software services	399.41	401.03
c. Securities	16.42	16.42
Total	702.12	758.66

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

IV.SEGMENT LIABILITIES				
a. Hardware	1843.86		1763.05	
b.Software services	417.21		417.21	
c.Securities	9.55		9.55	
Total	2270.62		2189.81	
V.CAPITAL EXPENDITURE				
a. Hardware	0		0	
b. Software services	0		0	
c. Securities	0		0	
Total	0		0	
VI.DEPRECIATION				
a. Hardware	16.63		31.56	
b. Software services	2.96		6.01	
c. Securities	0		0.83	
Total	19.79		38.40	
VII.AMORTISATION AND OTHER NON CASH EXPENDITURE				
a. Hardware	28.15		423.05	
b. Software services	0		59.33	
c. Securities	0		0	
Total	28.15		482.38	

b)Secondary segment reporting by geographical segment:

i)Segment-wise revenue:		
Revenue from Customers Outside India	0	0
Revenue from Customers within India	15.94	219.85
Total	15.94	219.85
ii)Segment-wise Assets:		
India	702.12	758.66
Outside India	0	0
	702.12	758.66

13.Related Party Disclosure

The Company has the following transaction with related parties

(Rs in Lacs)

	2005-06		2004-05	
I Kranion Technologies Private Limited	Dr.Rs.	Cr.Rs.	Dr.Rs.	Cr.Rs
Purchases of Raw Material		0	0	0
Income by way of Service Charges				
Interest Income				
Receivables				
Transfer of Funds	80.61		78.61	
ii.Shridhar S Hegde Director	2.00	0	-	1.55
Advance Received				
Balance payable		0		0
iii. Gururaja K Upadhya Director		0.07		0.28
Advance Received				
Balance payable		0		0.10
iv. Vishwamurthy P		0.36		0.36
Advance Received				
Balance payable		0		0
		0.15		0.15

14. Deferred Tax

The company has not recognised deferred tax asset in view of prudence.

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

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Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th SEPTEMBER 2006

PARTICULARS	30-09-2006	30-09-2005
A. Net profit/(loss) before taxes and extra-ordinary items	(14,728,070)	(70,131,574)
Adjustments for		
Depreciation	1,979,650	3,840,591
Interest expenditure(including interdivision finance charges)	9,656,849	12,385,862
Interest Income (Including interdivision Finance Charges)	-	(228,847)
Dividend Income	-	(13,538)
Loss on impairment in fixed assets	-	17,503,062
(Profit)/Loss on sale of Fixed Assets	-	630,080
Bad debts written off	105,250	
Provision for Bad Debts	200,000	18,833,954
Operating profit/(loss) before working capital changes	(2,986,321)	(17,180,410)
B. Changes in current assets & current liabilities:		
Decrease/(Increase) in Inventories	-	4736150
Decrease/(Increase) in Sundry debtors	2,095,223	(2,786,595)
Decrease/(Increase) in Loans & Advances	666,221	4,117,884
Increase/(decrease) in Current Liabilities	7,356,850	21,975,672
Cash Inflow/(outflow) from operations	7,131,972	10,862,701
Interest paid (including interdivision finance charges)	(9,656,849)	(12,385,862)
Tax refund	-	-
Net cash Inflow/(Outflow) from operating activities	**(2,524,877)**	**(1,523,161)**
C. Cash Flows from Investing Activities:		
Interest Income(including Interdivision finance charges)	-	228,847
Dividend Income	-	13,538
Net cash Inflow/(outflow) from Investing activities		**242,385**
D. Cash flows from Financing Activities:		
Proceeds from Issue of Shares including share premium	-	
Short term borrowings	695,514	865,960
Repayment of Long term Borrowings	-	442
Dividend paid (including Dividend Tax)	-	
Net Cash Inflow/(outflow) from Financing Activities	**695,514**	**866,402**
Net Increase/(Decrease) in Cash & Cash Equivalents	**(1,829,363)**	**(414,374)**
Cash & Cash Equivalents as at beginning of the year	2,978,892	3,393,266
Cash & Cash Equivalents as at end of the year	**1,149,529**	**2,978,892**

We have verified the above Cash Flow Statement of Cerebra Integrated Technologies Limited for the year ended September 30,2006 prepared by the company and certify that the statement has been derived from the accounts of the company audited by us and has been prepared in accordance with the Stock Exchange Listing requirements.

The Schedules referred to above form an Integral part of the Balance Sheet
As per our Audit Report of Even Date

for M.S. REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS

M.Sridhar Reddy
Partner
Membership Number 201103

Place: Bangalore
Date: November 30, 2006

By Order of the Board
For Cerebra Integrated Technologies Limited

V. Ranganathan — **Managing Director**
Shridhar S Hegde — **Director**

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director

15. Balance Sheet Abstract and General Business Profile

I. **Registration Details:**

Registration No:**08-15091** State Code: 08
Balance Sheet Date: 30.09.2006

II. **Capital Raised during the year [Amount in Rs. 000]**

Public Issue	Nil	Bonus Issue	Nil
Right issue	Nil	Private Placement	Nil

III. **Position of Mobilisation and Deployment of Funds [Amount in Rs.'000']**

Total Liabilities	:	317976	Total Assets:	:	317976
Sources of Funds:					
Paid – up Capital	:	59064	Secured Loans	:	80691
Reserves & Surplus	:	176221	Unsecured Loans	:	-
Application of Funds					
Net Fixed Assets	:	17881	Investments	:	02
Net Current Assets	:	-93337	Miscellaneous Expenditure	:	00
Accumulated losses	:	393430			

IV. **Performance of the Company [Amount in Rs. 000]**

Turn over	:	1594	Total Expenditure	:	16386
Other Income	:	63			
Loss before Tax	:	14728	Loss after Tax	:	14749
Earnings per Share[in Rs.]:		-2.51	Dividend Rate [%]	:	NIL

V. **Generic names of principal products:Item code No.[ITC Code]** 8471 & 8473

Product Description: Computer, Software, Pheripherals, Network and related products

By Order of the Board
For Cerebra Integrated Technologies Limited

V. Ranganathan
Managing Director

Shridhar S Hegde
Director

For **M. S. REDDY & ASSOCIATES**
Chartered Accountants

M.SRIDHAR REDDY
Partner
Membership Number 201103

PLACE : BANGALORE
DATE : November 30, 2006

For CEREBRA INTEGRATED TECHNOLOGIES LTD.
Director

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off.: #S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

ATTENDANCE SLIP

D.P. I.D. No. :
Client I.D. No. :
Folio No.:
No. of Shares:

Member / Proxy
Please tick whichever is applicable.
Twelfth Annual General Meeting on 30th December, 2006 at 10 a.m.

- A member / proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance
- If you intend to appoint a proxy please complete the proxy form and deposit it in the Company's registered office at least 48 hours before the meeting.
- I certify that I am registered shareholder / proxy for the registered share holder of the company.
  I record my presence at the Twelfth Annual General Meeting held on 30.12.2006
  Name of the Member / Proxy Signature of the Member/Proxy in Block Letters

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CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off.: #S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

PROXY FORM

I/We _____ _____ _____ of _____ _____ _____ in the district of _____ _____ being a member/members of the above name of Company hereby appoint _____ _____ of _____ _____ in the district of _____ _____ or failing him _____ of _____ in the district of _____ _____ as my / our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the company to be held on 30th December 2006 and at any adjournment thereof.

Signed this ___ _____ day of _____ 2006

Affix Revenue Stamp

D.P. I.D. No. :
Client I.D. No. :
Folio No.:

For CEREBRA INTEGRATED TECHNOLOGIES LTD.

Director